

## **Some suggestions for developing Integrated Product Policy**

Identifying environmentally harmful products and  
strategies for improvement

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Comments by

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### *EIPRO: a welcome and necessary foundation*

The EIPRO study constitutes an important step towards a better understanding of the environmental impact of consumption throughout EU-25, its level and its patterns. Both the review of existing studies and the additional research by the EIPRO-team contribute to this. We endorse the main methodological choices, like the top-down, lifecycle oriented approach, combining IO analysis and environmental pressure indicators. This method has proven successful despite the lack of detailed IO-databases for the EU. It is surprising how much insight could be won however, by leaning on US-dbases (the CEDA model). It is important that comparable EU databases be developed, like IPTS is preparing to in its study “Environmentally Extended Input-Output Tables and Models for Europe”.

Our comments refer to two aspects of the EIPRO study. First, its results in terms of prioritising product groups depending on their environmental impact. Second, its follow-up: how to design the next phase of the IPTS project, focussing on potentials for environmental improvement.

### *Prioritising product groups*

EIPRO ranks some hundreds of product groups on the basis of their total environmental impact (par. 5.4.2) and alternatively based on their environmental impact per Euro spent (par. 5.4.3, from p. 69).

The draft report rightly states that the first ranking combines *two* factors, the volume of expenditure in Euros and the environmental impact per Euro. So, a high score in this ranking “may result from a large share in total consumption; from a high score per Euro; or from both causes together.” (p. 58)

Based on this ranking, several conclusions are drawn. E.g. about the relevance of the top 35 product groups (p. 69) and the 80-20 rule (around 20% of the product groups causing 80% of environmental impacts; p. 115). This implies that such conclusions do not discriminate between the two factors involved.

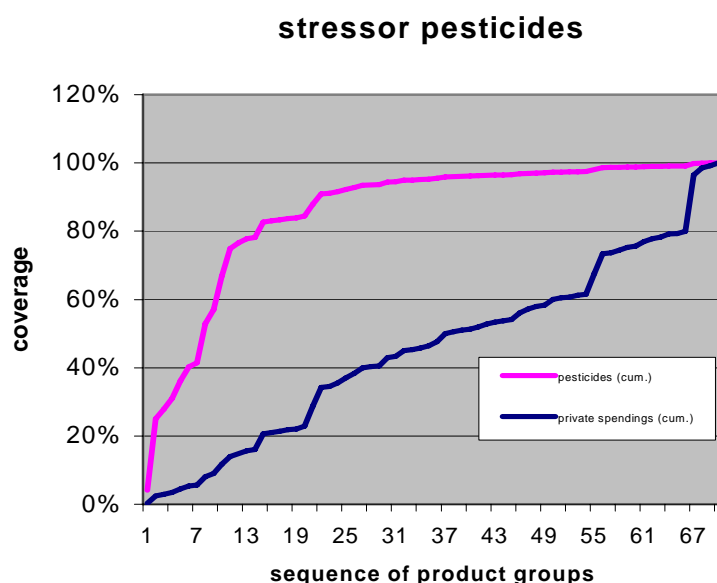
It also implies that the extent to which product groups contribute to total environmental impact, roughly mirrors their fraction of total spending. There is no 80-20 rule in this respect. On the contrary, selecting the most environmentally harmful products implies that a comparable fraction of total consumption is at stake, when this ranking method is applied.<sup>1</sup>

We consider this to be a drawback. It seems more attractive to select products which combine high environmental impact with low spending relevance, especially in the context of innovation. Improving the environmental quality of such products would yield substantial environmental results, while leaving most of the consumption ‘basket’ untouched. The alternative ranking, based on environmental impact per Euro, offers the key to apply this selection criterion. However, its attractiveness remains under-exposed, mainly because no *cumulative* scores referring to this ranking method are presented in the report, neither in the tables nor graphically.

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<sup>1</sup> Typically the top 35 product groups causes 70-75% of environmental impact and represents two-third of total spending; Eutrophication being the only exception, with 82% impact and 49% spending share (sub-tables 5.4.1 a-h).

We may illustrate this with some findings from our analysis of Dutch consumption, which was published under the somewhat joking title “Playing with Hyenas”.<sup>2</sup> In this study we ranked 70 product groups according to their impact/Euro ratio for ten different environmental stressors (impact parameters) separately, quite comparable to the EIPRO approach, but with cumulative scores as the main output (*the figure shows a typical example of diverging cumulative impact and spending*).



We then found that for most parameters 65–85% of the environmental impact is related to only 30–40% of consumer spendings. For three parameters as little as 10–15% of expenditures is responsible for the same impact fraction. Supposedly, even more selectivity is possible if a few hundred product groups were distinguished in stead of our 70 product groups, like in the EIPRO dataset.

#### *Conclusion:*

*A much more selective, focussed strategy of Integrated Product Policy is possible by using the environmental impact/Euro criterion, compared with ranking based on absolute impacts. We urge the European Commission to evaluate these results and to consider carefully the pros and cons of impact per Euro as the main selection criterion.*

<sup>2</sup> The report Playing with Hyenas (2005) was commissioned by the Dutch environmental NGO Stichting Natuur en Milieu and financed by the Dutch environment ministry VROM. It builds on earlier research by Nijdam and Wilting (reviewed in the EIPRO report, chapter 4.3.7), adding a selection method based on environmental impact per Euro. (see [www.natuurenmilieu.nl/consumptionsustained.pdf](http://www.natuurenmilieu.nl/consumptionsustained.pdf))

### *Product group improvement*

It is clear that identification of products with the greatest environmental impact is not the same as identifying improvement potentials. It is also clear that the level of aggregation, used in the EIPRO study, is quite different from well known IPP pilot projects (like mobile phones and teak garden chairs), or even the products targeted by the EuP framework directive (Energy using products).

This raises the question how the findings of phase 1 of the IPTS project set the scenery, the scope and the goal of phase 2. According to available information some of the “products with greatest environmental impact” will be addressed in phase 2, while at the end an even smaller selection will prevail of those products which moreover have “greatest potential for environmental improvement at least economic cost.”

In our opinion this scope for phase 2 is too limited, for several reasons:

- a. the focus in EIPRO was on product *groups*, not on individual products. Of course, within such aggregations smaller product categories can be found with exceptionally bad environmental scores; selecting them may strengthen IPP effectiveness. This does not alter the fact however that such product (sub)groups as a whole should be improved substantially in order to reach environmental targets. Focussing on a limited number of individual products does not seem ambitious enough.
- b. Robust improvements of the environmental quality of product groups call for a long term, structural approach. Given this evolutionary perspective as well as our ignorance about long term environmental costs, cost efficiency is not a very practicable criterion. The challenge is to innovate and to proceed through learning curves, not to cast out (potential) product improvements which at present seem too costly.
- c. Reducing the environmental impact of consumption not only demands improved quality of products as such. Also their “use-systems” (including infrastructures, habits, even cultural norms) have to adapt to conditions of sustainability. Product improvement and altering the way how and circumstances in which they are used, are mutually dependant and therefore IPP relevant.

In our view, all this asks for a broader strategy than seems to be envisaged now.

### *Conclusion:*

*Building on EIPRO and comparable analyses, the EU should reconsider its IPP strategy. Besides the existing mid-term, cost-efficiency oriented strategy, new elements should be introduced. Two priorities: a focus on functionally related product groups in stead of individual products; and developing a long-term, system-change perspective and instrumentation.*